Supreme Court, U.S.
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No. 93-273

IN THE

Supreme Court of the United States

October Term, 1993

HUNTER COUNTRY CLUB, INC.,

Petitioner,

v.

BOURNE CO., *et al.*,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

RESPONDENTS' BRIEF IN OPPOSITION

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QUESTION PRESENTED

Five copyright owners, all of them members of ASCAP, the music copyright licensing organization, brought this copyright infringement action. Defendant admitted infringement but pleaded defenses of estoppel and copyright misuse, based on certain ASCAP conduct.

Did the Court of Appeals properly determine that the alleged conduct did not support either defense nor did it establish any violation of ASCAP's consent decree?

RULE 29.1 STATEMENT

Respondents are Gerald Marks, Henry Mancini, d/b/a Northridge Music Co., SBK Robbins Catalog, Inc., Harrison Music Corp., and Colgems-EMI Music, Inc. The District Court granted Mr. Marks' motion to be substituted as a party for Bourne Co., the company whose name still appears in the caption.

The parent company of SBK Robbins Catalog, Inc. and Colgems-EMI Music, Inc. is Thorn-EMI, Plc. Respondents have no other parent companies or subsidiaries.

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STATEMENT OF THE CASE

The Parties[1/]

Respondents are copyright owners who brought an action seeking relief under the Copyright Law, 17 U.S.C. §§ 101, 106(4), 501(a), 502(a), 504(c) and 505, for unauthorized public performances of their copyrighted musical works.

Each respondent is a member of the American Society of Composers, Authors and Publishers ("ASCAP"), a performing

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1/ This description of the parties is taken from the District Court's recitation of the facts. [The District Court's Memorandum Opinion and Order, dated July 17, 1990, is Appendix F to the petition for a writ of certiorari.]

rights licensing organization that licenses, on behalf of its members, nondramatic public performances of their copyrighted musical works. ASCAP's licensing activities are largely governed by a consent decree in *United States v. ASCAP*, [1950-51] Trade Cas. (CCH) ¶ 62,595 (S.D.N.Y. 1950).[2/] Under Section XVII of this decree, the district court retains jurisdiction to ensure compliance and for other purposes.

Petitioner Hunter Country Club, Inc. ("Hunter") owns and operates a country club that is open to the public and presents live musical entertainment in its dining room.

Pre-Litigation Dealings between ASCAP and Hunter

Beginning in November 1985, ASCAP representatives sought to persuade Hunter to accept an ASCAP license which would authorize performance by Hunter's entertainers of all of the copyrighted works in ASCAP's repertory. Hunter refused. In lengthy correspondence, Hunter sought to impose on ASCAP two impossible burdens: to *deliver* to Hunter a complete list of works in ASCAP's repertory—a repertory which automatically increases daily as writers around the world lift pens from paper—and to identify to Hunter all works that once were in ASCAP's repertory but now are in the public domain.

Hunter relied on its own construction of Section XIV of the ASCAP consent decree, which provides in pertinent part:

> Defendant ASCAP is furthermore ordered and directed to . . . maintain and keep current and *make available for inspection during regular office hours, a list* of all musical compositions in the

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[2/] This Court, per Justice White, reviewed much of the history of ASCAP's antitrust experience and several key provisions of the consent decree in *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*, 441 U.S. 1 (1979).

> ASCAP repertory, which list will show the title, date of copyright and the author, composer and current publisher of each composition. (Emphasis added)

This language obligates ASCAP to maintain certain information *at its offices*. To Hunter, this provision required ASCAP to deliver to Hunter a computerized list of all of the millions of copyrighted works in the ASCAP repertory, with the date of copyright of each work. ASCAP disagreed.

Eventually, two independent investigators engaged by ASCAP visited the Hunter Country Club on July 22, 1988, and heard performances of the respondents' songs. This litigation ensued.

Prior and Related Proceedings

The District Court

Hunter did not contest any of the facts in respondents' affidavits supporting their motion for summary judgment. As the District Court noted:

> In Defendant's [Local] Rule 12(m) Statement, defendant specifically states that "[t]he facts relied upon by Plaintiffs are immaterial because Plaintiffs and ASCAP are estopped from asserting them by the facts alleged in this paragraph 2."

Appendix F at 31a.

In consequence, the District Court had only to consider Hunter's affirmative defenses and counterclaims. This alleged conduct by ASCAP, said Hunter, violated the ASCAP consent decree and estopped respondents from obtaining judgment. The District Court granted summary judgment for respondents, holding that neither defenses nor counterclaims could be sustained. The

District Court awarded respondents statutory damages of $3,000 ($600 per infringement) and costs, including attorneys' fees of $18,415.85.[3]

The Court of Appeals

Hunter asked the Court of Appeals to reverse on the grounds that it was error not to join ASCAP as a party,[4] that ASCAP's conduct estopped prosecution of these infringement claims, and that ASCAP had violated Section XIV of the ASCAP consent decree. Rejecting the estoppel defense, the Court of Appeals concluded:

> Our review of the correspondence between ASCAP and Hunter's counsel indicates that ASCAP did nothing that would cause Hunter to reasonably rely to its detriment. To the contrary, we find several indications and warnings that any performance of copyrighted works would be considered infringement. Thus, without any basis for reasonable reliance, estoppel is inapplicable here.

Appendix B to the petition for certiorari, at 8a.

Similarly, the Court of Appeals rejected Hunter's invitation to interpret Section XIV of the ASCAP consent decree:

> With regard to the district court's refusal to decide whether ASCAP has complied with ¶ XIV of the Amended Consent Decree (ordering ASCAP to maintain a list of all compositions in its repertoire), we find no error in its decision that the Southern District of New York is the proper forum for resolution of this issue. . . . Neither we nor the

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[3] Order of July 10, 1991, Appendix C.

[4] The petition for a writ of certiorari is silent with respect to this issue, so we need not discuss the point further.

> district court for the Northern District of Illinois are in a position to determine what the Southern District of New York meant when it ordered ASCAP to maintain a list of its repertoire.

Id. at 9a.

In consequence, the Court of Appeals agreed with the District Court that there were no genuine issues of material fact to be tried and respondents were entitled to summary judgment. *Id.* at 10a.

Related Proceedings in the Southern District of New York

Hunter advises this Court that it "has filed its antitrust action [against ASCAP] in New York which is pending waiting for the decision of this case." Petition for certiorari, at 11. In addition to this plenary antitrust action, Hunter has also filed an application for determination of a reasonable license fee under Section IX of the ASCAP consent decree. The latter proceeding is in the consent decree court, where the issue of the precise meaning of the language of Section XIV may be raised.

On this record, and for the reasons stated below, the petition should be denied.

REASONS FOR DENYING THE WRIT

I.

The Decision of the Court below Presents No Question of General Importance Warranting Review by this Court

The decision below does no violence to established precedents, and decides no novel, general or important legal issue. To the extent that Hunter claimed certain acts of ASCAP violated ASCAP's consent decree, the courts below examined the facts

underlying the claims, found that they did not warrant estoppel or support a finding of misuse, and held that whether there was *any* violation of the consent decree was a question for the consent decree court.

II.

The Decision below Does Not Conflict with Decisions of Other Circuits

Contrary to Hunter's assertion, the decision below reflects no conflict (or, in Hunter's words, a "split" or "confusion") among the circuit courts, either with respect to the defense of copyright misuse generally, or as to ASCAP's conduct specifically. Circuits have occasionally discussed the question of copyright misuse, but only one circuit, the Fourth, has ever sustained the defense and that was in circumstances wholly remote from the facts at bar.[5] In *Lasercomb America, Inc. v. Reynolds*, 911 F.2d 970 (4th Cir. 1990), the copyright owner sought to use the copyright license to forbid competition and ran the license for 99 years, far beyond the term of any copyright.[6]

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[5] See *Atari Games Corp. v. Nintendo of America Inc.*, 975 F.2d 832, 845-846 (9th Cir. 1992), for analysis of the defense and citations of the many circuit court rejections of the defense.

[6] In its Order dated March 4, 1991, the District Court determined that

> ...Defendant has not presented sufficient evidence of Plaintiffs' alleged "misuse of copyright". Therefore, the case Defendant cites in its supplemental briefs, *Lasercomb America, Inc.* v. *Reynolds*, 911 F.2d 970 (4th Cir. 1990) does not alter this court's earlier rulings.

Appendix D at 19a.

It is true that, in responding to Hunter's sole request for information as to whether specific songs were in the ASCAP repertory, ASCAP's response was unduly delayed and inaccurate as to one song, "Alexander's

(continued...)

As to estoppel, the circuit courts have had no trouble in deciding whether ASCAP's conduct in dealing with music users has been deficient to the point of invoking equitable estoppel to bar recovery for copyright infringement. *Compare Famous Music Corp. v. Bay State Harness Horse Racing & Breeding Ass'n*, 554 F.2d 1213 (1st Cir. 1977) (ASCAP not required to provide list of all ASCAP compositions provided user is advised that he may ask ASCAP whether specific songs are in ASCAP repertory, as prescribed by Section XIV of consent decree) *with Tempo Music, Inc. v. Myers*, 407 F.2d 503 (4th Cir. 1969) (ASCAP's failure to advise music user of this ASCAP service bars recovery for copyright infringement).[7/]

[6/](...continued)
Ragtime Band." That copyright had expired six months before the inquiry was made and the error in failing to note that fact was an oversight. More importantly, that song is not involved in this case and there is no proof that ASCAP or any member ever asserted a claim against Hunter or anyone else on the basis of performance of a song in the public domain. Finally, the District Court expressly took account of ASCAP's delay in responding to Hunter's inquiry when it reduced the damage award below what respondents were seeking.

[7/] Other cases in which courts have rejected estoppel or misuse defenses predicated on perceived improprieties on ASCAP's part include *Leo Feist, Inc. v. Young*, 138 F.2d 972, 975-976 (7th Cir. 1943) (nothing objectionable in filing infringement action to compel defendant to obtain ASCAP license); *Blendingwell Music, Inc. v. Moor-Law, Inc.*, 612 F. Supp. 474, 483-485 (D. Del. 1985) (rejecting misuse and antitrust defenses and counterclaims aimed at ASCAP blanket license, court observed it was particularly inappropriate to charge ASCAP's members with copyright misuse: "[E]ven if ASCAP has misused its non-exclusive license from copyright owners, it is not clear why plaintiffs who are members of ASCAP cannot enforce their exclusive rights to their copyright. The defendants have not alleged that any of the individual plaintiffs refused their request for a license and even if they had, it is hard to see how a unilateral refusal to license a copyright could constitute misuse; a copyright entails the right to refuse to license."); and *Billy Steinberg Music v. Cagney's Pub, Inc.*, 9 U.S.P.Q.2d 1749, 1750 (N.D. Ill. 1988)
(continued...)

There is yet one additional, important reason why this Court should decline Hunter's invitation to construe Section XIV of the consent decree. This is a task that should surely first be performed by the court that entered the decree. Thus, the task will fall to Judge Conner of the Southern District of New York, before whom Hunter's application to determine a reasonable fee for an ASCAP license is now pending.

* * *

Like countless other infringers, Hunter bet on a long shot—that it could persuade the courts below that ASCAP's foot had slipped and Hunter's piracy ought to be rewarded by a free license. Hunter lost.

At bottom, the decision below is no more than an affirmation of the principle enunciated by this Court in *Broadcast Music, Inc. v. Columbia Broadcasting System, Inc.*:

> . . . Those who would use copyrighted music in public performances must secure consent from the copyright owner or be liable at least for the statutory damages for each infringement and, if the conduct is willful and for the purpose of financial gain, to criminal penalties.

441 U.S. at 19.

[2/](...continued)
("The request for a complete list of [songs in the ASCAP repertory] ... smacks of gamesmanship.")

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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